

## **WATER FUND (557)**

### **MAJOR FUNDING CHANGES**

#### Water Revenues

##### *Water Service Charges*

The City charges a fee for providing the community with safe and reliable water service at the lowest possible cost in compliance with applicable Federal, State, and Local laws and regulations. Charges generated are for the operations, maintenance, and debt service of the City's water treatment plants and distribution system.

Fiscal Year 2003-04: Projected charges for service revenues are expected to increase by \$ 566,597 or 3.7% over the estimated charges for services revenues to be received in FY 2002-03.

#### Water Expenditures

##### *Privatization Agreement*

October 1, 2002 marked the commencement date of a water and wastewater privatization agreement with United Water Services and the City of Laredo. In this privatization agreement, several of the operating divisions within the Water Fund were transferred over to United Water Services. Among the water divisions that are now part of United Water are Utility Billing, Water Treatment Plant, Transmission and Distribution, and Water Pollution Control. The privatization agreement did establish two new divisions in the Water Fund: Utility Compliance and City Managed Employees. The Utility Compliance division will be responsible for overseeing compliance with the privatization contract between United Water Services and the City of Laredo.

##### *Administrative Division*

Fiscal Year 2003-04: The transfer out amount to Debt Service of \$ 3,671,332 is used to cover debt requirements for combination (tax and revenue) certificates of obligation.

The transfer out amount to the Waterworks System Debt Service of \$ 1,198,242 is used to cover debt requirements for revenue bonds used to fund water construction projects needed to improve the Water System.

In addition, a transfer out to the Waterworks Construction Fund in the amount of \$1,351,000 will be used to fund infrastructure projects, such as: water plant improvements, booster station improvements and water tank improvements, just to name a few.

##### *Water Availability*

Fiscal Year 2003-04: Budget includes an appropriation of \$ 1,200,000 for a groundwater development study.